
SB 1962

Page 1

Date of Hearing: June 26, 2000

ASSEMBLY COMMITTEE ON TRANSPORTATION

Tom Torlakson, Chair

SB 1962 (Costa) - As Amended: May 2, 2000

SENATE VOTE : 39 - 0

SUBJECT : Petroleum products: reports

SUMMARY : Requires oil refiners and major marketers to report more specific information to the California Energy Commission (CEC). Specifically, this bill :

- 1) Requires oil refiners to include in their monthly reports to CEC (see existing law #1 below) data on:
 - a) Imports of finished petroleum products and blendstocks;
 - b) Exports of finished petroleum products and blendstocks;
 - and
 - c) Distribution of gasoline sold unbranded.
- 2) Requires major marketers of petroleum products, as defined, to include in their monthly reports to CEC (see existing law #2 below) data on:
 - a) Sources of product receipts;
 - b) Inventories of finished petroleum products and blendstocks;
 - c) Distributions through both branded and unbranded distribution networks; and
 - d) Exports of finished petroleum products and blendstocks.
- 3) Defines "unbranded" fuel as gasoline or diesel fuel that is sold for retail or wholesale distribution without being marketed under a brand name or trademark of either an independent refiner or an integrated refining and marketing company, or that is sold without proprietary additives.
- 4) Requires CEC to include in its analysis of prices in the petroleum industry (as described in existing law #3) the price to unbranded retail markets.

EXISTING LAW :

SB 1962

Page 2

- 1) Requires oil refiners to report each month to CEC on the feedstock inputs, origin of petroleum receipts, refinery outputs, refinery stocks, and finished supply and distribution for each of their refineries.
- 2) Requires major marketers of petroleum products, as defined, to report each month to the CEC on petroleum and petroleum product receipts.
- 3) Requires CEC to gather, analyze, and interpret the information submitted in the reports (described in #1 and #2 above) from refiners and major marketers, with particular emphasis on retail motor fuel prices, among other matters.
- 4) Charges CEC with preparing a plan specifying actions to be taken in the event of an impending serious shortage of energy and with developing contingency plans to deal with possible shortages of fuel supplies to protect public health, safety, and welfare. In an emergency, CEC, pursuant to an executive order, can order that fuel be made available to relieve a shortage. For purposes of this provision of law, high prices do not constitute an emergency.

FISCAL EFFECT : No or minimal costs to state.

COMMENTS : This bill gives CEC more data to better analyze the market for petroleum products in California, and in particular to be able to track the amount of gasoline produced in California and exported to other states. The bill also enables CEC to track the sale of unbranded gasoline in California.

The sponsor of this bill, the California Independent Oil Marketers Association (CIOMA), notes that while CEC tracks branded gasoline prices and supplies, it lacks the authority to track supplies and distribution of unbranded gasoline. COIMA further notes that CEC also has no authority to track imports of gasoline and diesel fuel, nor can it require refiners to disclose how much gasoline, diesel fuel, or blend stocks they are shipping out of state. COIMA is sponsoring this bill to give CEC the ability to track all of this information, and to base its contingency planning for fuel shortages on this information.

Existing law directs CEC to prepare "an integrated plan specifying actions to be taken in the event of an impending

SB 1962

Page 3

serious shortage of energy, or a clear threat to public health,

safety, or welfare." Among these actions is the issuance of an executive order by the Governor to direct fuel where necessary to respond to an emergency. The last time such an executive order was issued was under Governor Jerry Brown during the 1979-80 energy crisis.

The author believes giving CEC the authority to track unbranded gasoline supplies, imports, and exports is critical to helping CEC develop a full, complete, and effective contingency plan to ensure sufficient supplies of gasoline and diesel are available in an emergency.

Double-referral : The Assembly Rules Committee referred this bill first to the Transportation Committee and second to the Utilities and Commerce Committee.

REGISTERED SUPPORT / OPPOSITION :

Support

California Independent Oil Marketers Association (sponsor)

SB 1962

Page 4

Opposition

None received.

Analysis Prepared by : Carrie Cornwell / TRANS. / (916)

319-2093